



Arizona Corporation Commission

DOCKETED

MAY 29 2015

|             |     |
|-------------|-----|
| DOCKETED BY | DAG |
|-------------|-----|

ORIGINAL

RECEIVED

2015 MAY 29 P 1:10

AZ CORP COMMISSION  
DOCKET CONTROL



0000163313

Leader  
Federal and State Compliance

Mail Station 9712  
PO Box 53999  
Phoenix, Arizona 85072-3999  
Tel 602-250-5671  
Elisa.Malagon@aps.com

May 29, 2015

Docket Control  
Arizona Corporation Commission  
1200 W. Washington  
Phoenix, AZ 85007

RE: Arizona Public Service Company 2010 Test Year Rate Case  
Docket No. E-01345A-11-0224

Pursuant to Decision No. 73183 Settlement Agreement Section 18.2, dated May 24, 2012, Arizona Public Service Company ("APS") was ordered as follows:

APS shall report to the Commission identifying the extent of the challenges regarding workforce planning, the specific actions that APS is taking to address the issue, and the progress APS is making toward meeting those goals.

Attached please find the APS Workforce Planning Report as required above. If you have any questions regarding this information, please contact Stefanie Layton at (602)250-4541.

Sincerely,

Lisa Malagon

LM/sb

cc: Brian Bozzo

**APS's Annual Workforce Planning Compliance Report**  
**Decision No. 73183**  
**May 29, 2015**

APS is continually working to strengthen its current workforce and develop strong talent pipelines to meet future hiring needs.

## **Workforce Planning a part of Arizona Public Service's Overall Strategic Planning Process**

Workforce Planning is part of APS Human Resource's Strategic Planning Process. Inclusive in the Plan will be a focus on our future talent needs allowing us to identify and help shape both external and internal pipelines.

Our Data Analytics capabilities, including retirement eligibility, forecasted attrition, and demographics (e.g., age, gender, and diversity), are being re-examined this year in order to ensure APS business unit leaders have the workforce data they need to make well informed workforce decisions.

## **Partnering with Community Colleges and High Schools on Energy Education**

Looking to forge longer-term talent pipelines, APS supports a consortium of five state community colleges that in late 2012 was awarded a \$13.5 million, three-year grant from the U.S. Department of Labor to strengthen energy education in Arizona. The Arizona Sun Corridor – Get Into Energy Consortium formed an advisory council that included several APS leaders. The council consults with the consortium colleges on skills the energy industry needs both today and in the future. Specialized programs will help prepare students for positions such as lineworkers, nuclear and non-nuclear operators, engineers and cyber-security specialists. In 2015, we launched two programs to assist APS in building a diverse talent pipeline for our future workforce needs.

The Legacy Program (currently a pilot program) is a comprehensive workforce development program in partnership with the Valley of the Sun United Way (VSUW), Friendly House (an organization serving low skilled workers by providing the tools, training, and support needed to attain self-sufficiency), Salt River Project (SRP), the

Phoenix Unified High School District (PUHSD), Palo Verde Nuclear Generating Station (PVNGS), and A New Leaf (ANL: an organization that provides a broad spectrum of support services to help individuals and families succeed).

The Legacy Program was developed to include all the components that are necessary for students to succeed: secondary and post-secondary education alignment, industry mentoring, and wrap-around support services that fill the gaps for students and their families. These gaps can interfere with students' ability to focus on the education and training they need to reach their fullest potential. The program provides students with life skills, character, and resiliency training, health and wellness training, financial literacy and workplace-readiness training, exposure to the various energy related careers, and helps them to obtain industry-recognized credentials that can put them on the path to high-paying careers in the energy industry.

As part of the program, APS launched the APS Career Ambassador Pilot Program which connects APS employees representing a variety of areas within the company with the 60 students in the Legacy program with the purpose of sharing their career path, expertise and exposing the students to the various careers in the utility industry.

APS is also partnering with the Be a Leader Foundation to launch the APS Energy Institute, an educational program for high school students that provides critical and timely support, encouragement and guidance as they continue to shape and plan their college-going journey. Eighty students entering their senior year will begin meeting in the summer of 2015 for eight weeks focusing on preparations for completion of the ACT or SAT, applying to at least four colleges/universities, completing and submitting at least six scholarship applications and completing the Free Application for Federal Student Aid (FAFSA) if eligible. Students will attend weekly workshops with mini-conferences during lunch to hear from APS Career Ambassadors and learn about the energy industry, community involvement, resume writing and networking and available careers in the utility industry.

## **Promoting STEM (Science, Technology, Engineering and Math) Skills**

Supporting STEM (science, technology, engineering and math) and other education programs became APS Foundation's goal and focus in 2012. APS foundation is a non-profit affiliate of APS funded by shareholders. For example, the foundation funded equipment for the lineworker program at Chandler-Gilbert Community College in Phoenix's Southwest Valley.

In APS's first funding in Spring of 2014, Grants were awarded to nine non-profit organizations located throughout Arizona totaling more than \$1.1 million. The following non-profits received grants:

**Maricopa County Community College District Foundation** received funding for its i2 Teach Induction program. i2 Teach establishes mentor relationships for Teacher-in-Residence interns, who have a bachelor's degree in a non-teacher education area, to achieve teacher certification while being employed in a career within education.

**Girl Scouts - Arizona Cactus-Pine Council, Inc.** was awarded a grant for its IMAGINE STEM project which includes 10 STEM conference/workshops throughout the state, 15 STEM boxes for use in further exploration by girls in troop settings, specific STEM training for adult volunteers and parents and two additional Lego robotics teams for girls.

**Challenger Space Center Arizona** was provided funding to expand its educator professional development, specifically within NASA's Beginning Engineering, Science and Technology component of the Challenger Space Center's SPACE program.

**Arizona Science Center** was awarded funding to enable its Professional Learning and Development department to bring valuable teacher, leader and community professional development along with student programming to school districts in rural communities through the continuation of the Rural Expansion Project.

**Teach for America, Inc.** was given funding for its targeted Math/Science Initiative to recruit highly-qualified individuals to teach math and science in low-income schools and to enhance the effectiveness of these teachers.

**Arizona Science Teachers Association, Inc.** was awarded funding for its Teacher Leadership Program, which helps support novice K-12 STEM teachers through leadership training with experienced K-12 STEM teachers.

**National Audubon Society, Inc.** was provided funding for its River Pathways curriculum, which emphasizes environmental science related career paths and gives students through Maricopa County access to natural resource professionals.

**American Indian College Fund** received funding for its scholarship program to support Navajo students pursuing majors in STEM or related fields.

**Northern Arizona University Foundation, Inc.** was awarded funding for its APS STEM Focus Schools for the Future program, which expands the scientifically literate workforce in Arizona by developing school capacity to implement effective STEM education for today's learners.

In 2015, the APS Foundation announced the grant recipients for its second funding distribution. Grants awarded to ten non-profits located throughout the state of Arizona totaled nearly \$1 million.

The following nonprofits received grants from the APS Foundation:

**Be A Leader Foundation** received a grant to support its Pipeline Program that prepares historically underserved students for a college education through leadership training and mentoring.

**Boys & Girls Clubs of Greater Scottsdale** received a grant to support its Da Vinci Disciples & Johnny Alive STEM-based program. Da Vinci Disciples teaches the fundamentals of engineering and creative design through the use of Legos and Johnny 5 Alive brings more complex, involved STEM-based projects to graduates of the Da Vinci program.

**Children's Museum of Phoenix** received a grant for Blockmania! The STEM Exhibit. This new addition to the Children's Museum will feature block stations that provide creative engineering opportunities for kids. Building with blocks is a universal play activity that aids in cultivating three-dimensional connectivity in the brain.

**Expect More Arizona** received a grant for its Support for Today Learning Campaign, a project that integrates learning activities into family-friendly locations such as the Phoenix Zoo, Arizona Science Center and Children's Museum of Phoenix.

**The Foothills Community Foundation** received a grant for its Desert Reach program that enhances fourth grade curriculum in the Cave Creek and Scottsdale Unified School Districts with participation in hands-on projects about desert flora, fauna, archaeology, desert soil, anthropology and water conservation. These areas are all critical to APS's siting and construction functions.

**Kyl Center for Water Policy at Morrison Institute at Arizona State University** received a grant to support its ongoing efforts to ensure a sustainable water supply for APS, its customers and the state of Arizona.

**NTC Research Foundation** received a grant for its BrainSTEM! Education program for Arizona's underserved communities. The STEM program combines live interactive presentations with print and digital curriculum in 50 schools throughout rural Arizona.

**Tonto Creek Camp** received a grant for its Outdoor STEM Centered Education program which provides opportunities for children from underserved areas special access to nature and education by providing outdoor education in a camp setting.

**The University of Arizona Central Gifts Office** received a grant for its Arizona Assurance Endowment, which supports the Arizona Assurance Scholars Program. The program's goal is to provide a U of A education to low-income Arizona students seeking STEM-related degrees, helping to ensure the development of a competitive workforce in the state of Arizona.

## **Collaborating with the Industry on Workforce Development**

APS actively supports the national Center for Energy Workforce Development (CEWD), part of the Edison Electric Institute, CEWD leads the industry in building alliances, processes and tools to develop tomorrow's energy workforce.

CEWD has developed a tiered framework of industry credentials and training components, and APS has recognized the group's "Energy Industry Fundamental Certificate" as a credential that adds value for both the student and the industry.

CEWD also supports a network of state energy workforce consortia, and APS is a founding member of the Arizona Energy Workforce Consortium. The group works together to promote STEM education and energy careers and share best practices in workforce development.

## **Supporting Military Veterans**

APS has taken a leading role in helping veterans start or continue their careers in the energy industry. In 2011-13, the Company co-sponsored a pilot program called Troops to Energy Jobs, led by CEWD. The six sponsoring utility companies shared best practices and tested processes and procedures for hiring, training and integrating veterans. This collaboration resulted in the creation of the National Template; a comprehensive, yet scalable military hiring and outreach strategy for the utility industry.

APS veterans have also formed an employee network group (VETRN) to share experiences, develop professionally and provide community service. The network has over 150 active members and is sponsored by a senior vice president of APS. The group's efforts helped APS earn a Salute to Patriots Award from the U.S. Department of Veteran's Affairs in 2013. Additionally, in 2013 APS made G.I. Jobs magazine's list of America's top 100 Military-Friendly Employers, joining U-Haul International as the only two Arizona companies on the list.

APS continues to strengthen its Nuclear Operations pipeline programs through its partnership with the Nuclear Energy Institute (NEI) and the U.S. Navy. This partnership provides APS with referrals of naval officers who've trained in the Navy's Nuclear Propulsion Program and are separating from active duty. APS's sourcing strategy has expanded to include several new military installations such as Naval Base Kitsap in Bremerton, WA, Joint Base Hickam/Pearl Harbor in Honolulu, HI, and the Naval Support Unit in Saratoga Springs, NY where nuclear talent is most prevalent. These efforts were showcased in the January, 2015 issue cover story of G.I. Jobs Magazine. Additionally, for



the second consecutive year Victory Media also named APS as one of our Nation's Top 100 Military Friendly Employers.

2015 marks the beginning of a new collaboration between APS, Maricopa Workforce Connections, and Luke Air Force Base to provide enhanced transition support to enlisted personnel separating from active duty. APS will help provide employability skills training and facilitate labor market discussions to help prepare airmen for civilian careers in the energy industry.

In 2014, APS employees serving in the Armed Forces Reserves and Arizona National Guard, nominated APS for the 2014 U.S Secretary of Defense Employer Support Freedom Award, the highest recognition given by the U.S. Government to employers for their support of their employees who serve in the Guard and Reserve. APS was one of 15 companies selected to receive the award from among nearly 3,000 nominations received nationally. The award was personally presented to APS by former U.S. Secretary of Defense, Chuck Hagel.

## **Training Workers Through Apprenticeship Programs**

APS supports multiple apprenticeship programs.

APS's accredited Transmissions and Distribution Pre-Apprenticeship Program is designed to prepare and develop individuals into highly skilled employees within the energy industry. This program is an entry point into a career which offers attractive financial incentives, continuous training and development.

During the 12 to 24 month program, Pre-Apprentices receive statewide on-the-job skills training, along with trade related classroom curriculum within their selected specialty. Upon successful completion of the Pre-Apprentice program, graduates are accepted into APS's award winning Journeyman Apprenticeship Program. The four year APS Apprenticeship Program is a State of Arizona indentured program. The Apprentice Program provides additional academic, workplace, technical and personal effectiveness competency development. Graduates of this program are well positioned to continue their careers as Journey Workers within APS.

Individuals in the Pre-Apprentice Program assist APS's crews with day to day tasks and rotate to various areas within the organization to gain the diversity and depth of experience necessary to be successful. APS's 2015 Pre-Apprenticeship Program offers the opportunity to develop a specialty in one of the following areas:

- Electrical Transmission and Distribution Operations (Line Worker and Electrician)
- Polyphase Meter Repair

The Palo Verde Nuclear Power Plant Maintenance Apprenticeship Program is a registered apprenticeship program which establishes guidelines for recruitment, selection, condition of employment, training and monitoring performance, work assignments, salary reviews and promotions for the Maintenance Apprentices in accordance with the Arizona Apprenticeship Standards System Policies and Procedures. This includes a partnership with Estrella Mountain Community College.

Finally, The Fossil Joint Apprenticeship Committee (FJAC) program, a joint agreement between Cholla, Four Corners and the International Brotherhood of Electrical Workers, offers apprenticeships in automotive, Electrical & Instrumentation, Utilities, Welder Journeyman and Machinist Journeyman. The program was established in 2000 to meet the needs of fossil-fueled power plants in the APS system. The apprenticeship program takes approximately 3.5 years and incorporates on-the-job learning combined with related instruction. The Apprentice training standards were developed in accordance with the basic standards recommended by the U.S. Dept. of Labor, Office of Apprenticeship.

## **Facing Growing Workforce Retirements**

As we work to fill the talent pipelines of the future, we also are mindful of workforce retirements. APS has 638 electricians, lineworkers, power plant operators and technicians (as of December 31, 2014). Of this group 138 employees – or 21.6% - are eligible to retire. Based on historical information, retirement probabilities (i.e., the percent of eligible employees expected to actually retire in any given year) for this group are forecast at 3.8% in 2016 and 4% in 2017.

To ensure that critical knowledge is retained and transferred when employees retire or resign from the Company, APS developed tools to help leaders assess what Company knowledge is truly critical and develop action plans to transfer and retain that knowledge. In addition, an Enterprise Process Improvement initiative is ongoing which will lead to more consistent documented policies, processes and procedures ensuring continuity of work flow and work quality. Knowledge transfer and succession planning are emphasized in all business units and factored into year-end performance discussions.

**ACC Filing Workforce Planning Data**

| Headcount and Age Summary (as of 12/31/14) |                          |            |          |            |
|--|--------------------------|------------|----------|------------|
| Job Family                                 | Job Title                | Head Count | Age Mean | Age Median |
| Electrician-Journeyman                     | Electrician              | 102        | 48       | 46         |
|  |                          | 102        | 48       | 46         |
| Lineman-Journeyman                         | Lineman-Journeyman       | 152        | 45       | 45         |
| Lineman-Journeyman                         | Lineman Hotstick         | 15         | 46       | 42         |
| Lineman-Journeyman                         | Crew Foreman-Lineman 1-6 | 6          | 47       | 50         |
| Lineman-Journeyman                         | Crew Foreman-Lineman TH  | 58         | 51       | 53         |
| Lineman-Journeyman                         | Crew Foreman TH          | 21         | 52       | 52         |
| Lineman-Journeyman                         | Crew Frmn Hstk TH        | 5          | 54       | 51         |
| Lineman-Journeyman                         | Crew Foreman Fab TH      | 0          | -        | -          |
| Lineman-Journeyman                         | Crew Foreman 1-6         | 0          | -        | -          |
| Lineman-Journeyman                         | Crew Frmn Hstk 1-6       | 1          | 45       | 45         |
|  |                          | 258        | 49       | 48         |
| Operator-Power Plant#                      | Auxiliary Operator       | 116        | 46       | 45         |
| Operator-Power Plant#                      | Auxiliary Operator GF    | 1          | 55       | 55         |
| Operator-Power Plant#                      | Control Operator         | 71         | 49       | 53         |
|  |                          | 188        | 49       | 50         |
| Technician E&I                             | E & I Journeyman         | 90         | 51       | 54         |
|  |                          | 90         | 51       | 54         |
| Total                                      |                          | 638        | 49       | 49         |

| Retirement Eligibility - Pension and Benefits (as of 12/31/14) |                          |               |               |
|--|--------------------------|---------------|---------------|
| Job Family   | Job Title                | # of Eligible | % of Eligible |
| Electrician-Journeyman   | Electrician              | 14            | 13.7%         |
|  |                          | 14            | 13.7%         |
| Lineman-Journeyman   | Lineman-Journeyman       | 11            | 7.2%          |
| Lineman-Journeyman   | Lineman Hotstick         | 3             | 20.0%         |
| Lineman-Journeyman   | Crew Foreman-Lineman 1-6 | 0             | 0.0%          |
| Lineman-Journeyman   | Crew Foreman-Lineman TH  | 19            | 32.8%         |
| Lineman-Journeyman   | Crew Foreman TH          | 4             | 19.0%         |
| Lineman-Journeyman   | Crew Frmn Hstk TH        | 2             | 40.0%         |
| Lineman-Journeyman   | Crew Foreman Fab TH      | 0             | 0.0%          |
| Lineman-Journeyman   | Crew Foreman 1-6         | 0             | 0.0%          |
| Lineman-Journeyman   | Crew Frmn Hstk 1-6       | 0             | 0.0%          |
|  |                          | 39            | 15.1%         |
| Operator-Power Plant#  | Auxiliary Operator       | 28            | 24.1%         |
| Operator-Power Plant#  | Auxiliary Operator GF    | 1             | 100.0%        |
| Operator-Power Plant#  | Control Operator         | 20            | 28.2%         |
|  |                          | 49            | 26.1%         |
| Technician E&I   | E & I Journeyman         | 36            | 40.0%         |
|  |                          | 36            | 40.0%         |
| Total  |                          | 138           | 21.6%         |

# ACC Filing Workforce Planning Data

|                        |                          | Retirement Probability |              |    |              |              |      |              |              |    |              |              |      |
|------------------------|--------------------------|------------------------|--------------|----|--------------|--------------|------|--------------|--------------|----|--------------|--------------|------|
|                        |                          | 2015*                  |              |    | 2016*        |              |      | 2017*        |              |    | 2018*        |              |      |
| Job Family             | Job Title                | # Forecasted           | % Forecasted |    | # Forecasted | % Forecasted |      | # Forecasted | % Forecasted |    | # Forecasted | % Forecasted |      |
| Electrician-Journeyman | Electrician              | 2                      | 1.9%         | 3  | 2.6%         | 3            | 2.6% | 2            | 2.2%         | 2  | 2.2%         | 2            | 2.4% |
| Lineman-Journeyman     | Lineman-Journeyman       | 4                      | 2.5%         | 3  | 2.0%         | 3            | 2.2% | 2            | 2.2%         | 2  | 2.2%         | 2            | 2.4% |
| Lineman-Journeyman     | Lineman Hostick          | 0                      | 0.0%         | 0  | 0.0%         | 1            | 4.3% | 1            | 3.6%         | 0  | 0.0%         | 3            | 1.8% |
| Lineman-Journeyman     | Crew Foreman-Lineman 1-6 | 0                      | 0.0%         | 0  | 0.0%         | 0            | 0.0% | 0            | 0.0%         | 0  | 0.0%         | 0            | 0.0% |
| Lineman-Journeyman     | Crew Foreman-Lineman TH  | 4                      | 6.8%         | 3  | 4.9%         | 2            | 4.0% | 2            | 3.5%         | 2  | 2.9%         | 2            | 3.5% |
| Lineman-Journeyman     | Crew Foreman TH          | 0                      | 0.0%         | 1  | 3.6%         | 1            | 3.1% | 1            | 3.9%         | 1  | 3.3%         | 1            | 4.6% |
| Lineman-Journeyman     | Crew Fmn Hsk TH          | 1                      | 16.7%        | 0  | 0.0%         | 0            | 0.0% | 0            | 0.0%         | 0  | 0.0%         | 0            | 0.0% |
| Lineman-Journeyman     | Crew Foreman TH          | 0                      | 0.0%         | 0  | 0.0%         | 0            | 0.0% | 0            | 0.0%         | 0  | 0.0%         | 0            | 0.0% |
| Lineman-Journeyman     | Crew Foreman 1-6         | 0                      | 0.0%         | 0  | 0.0%         | 0            | 0.0% | 0            | 0.0%         | 0  | 0.0%         | 0            | 0.0% |
| Lineman-Journeyman     | Crew Fmn Hsk 1-6         | 0                      | 0.0%         | 0  | 0.0%         | 0            | 0.0% | 0            | 0.0%         | 0  | 0.0%         | 0            | 0.0% |
| Operator-Power Plant#  | Auxiliary Operator       | 9                      | 8.6%         | 7  | 3.5%         | 7            | 3.4% | 7            | 3.2%         | 6  | 2.7%         | 7            | 3.3% |
| Operator-Power Plant#  | Auxiliary Operator GF    | 5                      | 4.2%         | 5  | 4.5%         | 5            | 4.0% | 4            | 3.6%         | 4  | 3.1%         | 4            | 3.3% |
| Operator-Power Plant#  | Control Operator         | 2                      | 2.7%         | 3  | 4.1%         | 3            | 3.8% | 3            | 4.0%         | 2  | 3.3%         | 3            | 3.6% |
| Technician E&I         | E & I Journeyman         | 7                      | 3.5%         | 8  | 4.3%         | 8            | 3.5% | 7            | 3.5%         | 6  | 3.2%         | 7            | 3.5% |
|                        |                          | 7                      | 7.5%         | 6  | 6.8%         | 6            | 7.0% | 6            | 6.3%         | 4  | 4.9%         | 4            | 4.6% |
|                        |                          | 7                      | 7.5%         | 6  | 6.8%         | 6            | 7.0% | 6            | 6.3%         | 4  | 4.9%         | 4            | 4.6% |
|                        |                          | 75                     | 3.8%         | 24 | 2.0%         | 24           | 4.0% | 22           | 3.9%         | 18 | 3.3%         | 20           | 3.2% |
|                        | Total                    |                        |              |    |              |              |      |              |              |    |              |              |      |

|                        |                          | Historical Retirement* |      |      |  |
|------------------------|--------------------------|------------------------|------|------|--|
| Job Family             | Job Title                | 2012                   | 2013 | 2014 |  |
| Electrician-Journeyman | Electrician              | 5                      | 1    | 3    |  |
| Lineman-Journeyman     | Lineman-Journeyman       | 5                      | 1    | 3    |  |
| Lineman-Journeyman     | Lineman Hostick          | 1                      | 2    | 4    |  |
| Lineman-Journeyman     | Crew Foreman-Lineman 1-6 | 0                      | 0    | 0    |  |
| Lineman-Journeyman     | Crew Foreman-Lineman TH  | 2                      | 1    | 3    |  |
| Lineman-Journeyman     | Crew Foreman TH          | 0                      | 1    | 0    |  |
| Lineman-Journeyman     | Crew Fmn Hsk TH          | 0                      | 1    | 1    |  |
| Lineman-Journeyman     | Crew Foreman Fab TH      | 1                      | 0    | 0    |  |
| Lineman-Journeyman     | Crew Foreman 1-6         | 0                      | 0    | 0    |  |
| Lineman-Journeyman     | Crew Fmn Hsk 1-6         | 0                      | 0    | 0    |  |
| Operator-Power Plant#  | Auxiliary Operator       | 4                      | 5    | 8    |  |
| Operator-Power Plant#  | Auxiliary Operator GF    | 0                      | 8    | 5    |  |
| Operator-Power Plant#  | Control Operator         | 8                      | 2    | 3    |  |
| Technician E&I         | E & I Journeyman         | 8                      | 10   | 8    |  |
|                        |                          | 3                      | 5    | 5    |  |
|                        |                          | 3                      | 5    | 5    |  |
|                        | Total                    | 20                     | 21   | 24   |  |